

TEMPORARY
APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER
OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF
NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office JUL 19 2006

Returned to applicant for correction _____

Corrected application filed _____

Map filed APR 18 2005 under 72287-T

The applicant **Nevada Rae Gold Inc** hereby make application for permission to change the **Place of use** of water heretofore appropriated under **Permit 60072**

1. The source of water is **drilled well, pump and distribution system** (See well 60072 on the map previously submitted see 72287-T)
2. The amount of water to be changed **remains at 124.05 million gallons annually (1.5 cfs)**
3. The water to be used for **mining, milling, dust control and domestic**
4. The water heretofore permitted for **mining, milling, dust control, and domestic**
5. The water is to be diverted at the following point **Well 60072 is located on Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$). Section 24, T.29N., R.47E., MDB&M or at a point from which the NE Section corner of said section 24 bears N 40°55'49"E., a distance of 895.70 ft.**
6. The existing permitted point of diversion is located within **same as #5 above**
7. Proposed place of use **S $\frac{1}{2}$ of Section 4, T.29.N., R.47E., MDB&M; E $\frac{1}{2}$ of Section 9 and NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 9 and E $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 9, T.29.N., R.47E., MDB&M; all of Section 10, T.29.N., R.47E., MDB&M; SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 11, T.29.N., R.47E., MDB&M (road only); S $\frac{1}{2}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ NE $\frac{1}{4}$ and NE $\frac{1}{4}$ SW $\frac{1}{4}$ and SE $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ and N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 14, T.29.N., R.47E., MDB&M (road only); S $\frac{1}{2}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 13, T.29.N., R.47E MDB&M (road only); NE $\frac{1}{4}$ NW $\frac{1}{4}$ and N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 24, T.29.N., R.47E., MDB&M (see previously submitted Figure 1); and a portion of the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 19 of T.29N., R.48E. MDB&M to State Highway 306 (see previously submitted Figure 2)**
8. Existing place of use **All of Section 9, N $\frac{1}{2}$, SE $\frac{1}{4}$ of Section 10, E $\frac{1}{2}$ of Section 15, S $\frac{1}{2}$ of Section 14 and the N $\frac{1}{2}$ of section 24; All in T.29N., R.47E., M.D.B.&M.**
9. Use will be from **January 1st to December 31st** of each year.
10. Use was permitted from **January 1st to December 31st** of each year.
11. Description of proposed works **To be conveyed by means of 8 inch pipeline to the clean water sump and wash plant building**
12. Estimated cost of works **\$20,000**
13. Estimated time required to construct works **Existing well is a 520-foot deep with 12-inch diameter. Pipeline installation has been completed and buildings have been constructed**
14. Estimated time required to complete the application of water to beneficial use **Three Months**

15. Remarks: Annual water consumption for dust on roads is estimated to be 3 million gallons per year. Well has been metered to demonstrate beneficial use. Water is being diverted from existing well 60072 by pipeline east 25 ft thence due north 260 ft thence east a distance of 630 ft thence north 500 ft thence east 450 ft thence south a distance of 110 ft to a clean water sump thence north 110 ft thence west 450 ft thence south 200 ft, thence east 100 ft to the wash plant. Sediment loaded water leaving the wash plant is being conveyed northward a distance of 50 ft to a series of settling ponds and recycled at the clean water sump in the (NW¼, NW¼) Section 19, T.29N., R.48E., M.D.B.&M. The clean water sump influent is at a point where the NW corner of Section 19N. 70° W. at a distance of 450 ft. The wash plant influent is a point where the NW corner of Section 19 bears N.35°W. at a distance of 253 ft. Dust control is being ~~be~~ accomplished with water trucks on as existing haul road in Sections 10, 13, 14 and 24, T.29N., R.47E. M.D.B.&M. (see previously submitted map) and mining operations in all of Section 9, all of Section 10, S½ of Section 4 plus milling operations on the NW¼, Section 19, T.29N. R.48E. Once facilities reach capacity, the lines will be surveyed by a Licensed Water Surveyor and an application for permanent use will be submitted.

By **Dharmarajan Ramaswami**
s/ **Dharmarajan Ramaswami**
7340 E. Caley Ave., Suite 200
Centennial, CO 80111

Compared sc/gkl lt/ gkl

Protested _____

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This temporary permit to change the place of use of the waters of an underground source as heretofore granted under Permit 60072 is issued subject to the terms and conditions imposed in said Permit 60072 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This temporary permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permit 41141, Certificate 11784; Permit 60072 and Temporary Permits 74542T and 74543T shall not exceed 124.05 million gallons annually.

This temporary permit is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

The issuance of this temporary permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

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(Permit Terms Continued)

A monthly report shall be submitted to the State Engineer within 10 days from the end of each month which shall include the amount of water pumped from the well and the amount of water used.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on August 27, 2007 at which time all rights herein granted shall revert to the right being changed by this temporary permit.

The amount of water to be changed shall be limited to the amount which can be applied to beneficial use, and not to exceed 1.50 cubic feet per second, but not to exceed 124.05 million gallons annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

N/A TEMPORARY

Proof of completion of work shall be filed before:

N/A TEMPORARY

Water must be placed to beneficial use on or before:

N/A TEMPORARY

Proof of the application of water to beneficial use shall be filed on or before:

N/A TEMPORARY

Map in support of proof of beneficial use shall be filed on or before:

N/A TEMPORARY

IN TESTIMONY WHEREOF, I, Tracy Taylor, P.E.,

State Engineer of Nevada, have hereunto set

my hand and the seal of my office, this

28th day of August, A.D. 2006

Tracy Taylor, P.E.
State Engineer